

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;  
Ashley E. Poling, Vice Chairwoman;  
Mark Acton;  
Ann C. Fisher; and  
Robert G. Taub

Large-Size First-Class Mail Presort  
Postcard

Docket No. MC2021-104

ORDER APPROVING UPDATE TO THE MAXIMUM SIZE LIMIT FOR PRESORTED  
FIRST-CLASS MAIL POSTCARDS

(Issued July 28, 2021)

I. INTRODUCTION

The Postal Service proposes to change the size limitations for presorted First-Class Mail postcards in section 1110 in the Market Dominant product list in the Mail Classification Schedule (MCS).<sup>1</sup> The changes are scheduled to become effective on August 29, 2021, concurrent with the implementation of new prices set forth in Docket No. R2021-2. Notice at 1. The Commission approves the proposed classification changes and updates the MCS to reflect these changes. A draft of the applicable MCS changes is attached to this Order.

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<sup>1</sup> Notice of the United States Postal Service of Update to the Maximum Size Limit for Presorted First-Class Mail Postcards, June 23, 2021 (Notice).

## II. BACKGROUND

### A. The Postal Service's Notice

On June 23, 2021, in accordance with 39 C.F.R. § 3040.211, the Postal Service filed a notice to change the maximum size limitation for presorted First-Class Mail postcards in the MCS. *Id.* at 1. Along with the Notice, the Postal Service filed an attachment including the proposed changes (MCS Attachment), summarized below.

The Postal Service did not file financial workpapers with the Notice, representing that this change does not implicate 39 U.S.C. § 3642, as Postal Service customers will continue to enjoy the same options for sending postcards when this change is enacted. *Id.* at 2.

*Increase of maximum size limitations for presorted First-Class Mail postcards.* The Postal Service proposes to “update the maximum size limit for presorted [First-Class Mail] postcards, so that it would be 9 inches length by 6 inches height, instead of the current 6 inches length by 4 ¼ inches height.” *Id.* The Postal Service describes the proposed changes as a result of the Postal Service’s outreach to mailers, who indicated that “postcards are an effective engagement and information tool, and the larger presorted postcard size would allow commercial mailers to capitalize on recipients’ attention for promotional and informational purposes[,]” increasing the overall utility of postcards to mailers. *Id.* at 3.

The Postal Service describes the impact of the proposed changes on the users of First-Class Mail postcards as an expansion of the options available to commercial mailers, and that it would not restrict current options in any manner, as current customers could either choose to send the larger First-Class Mail postcards or continue to send their current size postcards. *Id.* The Postal Service expects the proposed changes to have no more than a negligible impact on its competitors. *Id.*

## B. Procedural History

On June 24, 2021, the Commission provided notice of the Postal Service's filing, established the instant docket for consideration of the filing's consistency with applicable statutory policies and Commission regulations, appointed a Public Representative, and provided the public with an opportunity to comment.<sup>2</sup>

## C. Chairman's Information Request

On July 8, 2021, the Commission issued Chairman's Information Request No. 1.<sup>3</sup> CHIR No. 1 asked the Postal Service to provide an analysis of the overall impact the change would have on the finances of the Postal Service, an analysis of the anticipated volume created by the proposed change, and an analysis of the anticipated volume that would shift from presorted First-Class Mail letters to presorted First-Class Mail postcards. The Postal Service responded to CHIR No. 1 on July 14, 2021, providing the requested analysis.<sup>4</sup>

## III. COMMENTS

The Public Representative filed comments on July 6, 2021.<sup>5</sup> The Public Representative contends that the Postal Service limited its assessment of the impact of the proposal to the impact on users and competitors and avoided any discussion of the anticipated impact of the proposal on its own revenues. PR Comments at 2. In addition, the Public Representative highlights that the Postal Service did not initially provide information on "what type and how much First-Class Mail volume might migrate into presorted postcards to seek a rate decrease," and that the "availability of large-size

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<sup>2</sup> Notice and Order Concerning Update to the Maximum Size Limit for Presorted First-Class Mail Postcards, June 24, 2021 (Order No. 5926).

<sup>3</sup> Chairman's Information Request No. 1, July 8, 2021 (CHIR No. 1).

<sup>4</sup> Response of the United States Postal Service to Chairman's Information Request No. 1, July 14, 2021.

<sup>5</sup> Public Representative Comments, July 6, 2021 (PR Comments).

postcards with their ability to convey more information per card could result in reduced overall presort volume[.]” thereby creating a possibility that the “net effect on Postal Service revenues might be negative.” *Id.* at 2-3. The Public Representative concludes that the Commission should require the Postal Service to explain the anticipated impact of the proposal on its revenues. *Id.*

The Commission also received comments from the Association for Postal Commerce (PostCom)<sup>6</sup> and the National Postal Policy Council (NPPC)<sup>7</sup>, and a joint comment submitted by the Envelope Manufacturers Association (EMA) and the Greeting Card Association (GCA)<sup>8</sup>.

NPPC and PostCom both filed comments in support of the Postal Service’s Notice; however, both request the Postal Service clarify what rate residual cards resulting from a qualified presorted mailing would pay. See PostCom Comments at 2; NPPC Comments at 1-2. The joint comments filed by EMA and GCA voice concern regarding the anticipated impact of the maximum dimension change on the Postal Service’s financial stability, argue that consumers and small commercial mailers were not consulted in developing the plan, and recommend that the Postal Service “use its pricing flexibility to bring this product into line with the highly-profitable First-Class Mail category as a whole[.]” Joint Comments at 1-5 (emphasis omitted).

The Postal Service filed a response to comments of the interested parties and the Public Representative on July 8, 2021.<sup>9</sup> In response to NPPC and PostCom, the Postal Service confirms that residual postcards from automation mailings may be

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<sup>6</sup> Comments of the Association for Postal Commerce, July 6, 2021 (PostCom Comments).

<sup>7</sup> Comments of the National Postal Policy Council, July 6, 2021 (NPPC Comments).

<sup>8</sup> Joint Comments of the Envelope Manufacturers Association and the Greeting Card Association, July 6, 2021 (Joint Comments).

<sup>9</sup> Response of the United States Postal Service to Comments, July 8, 2021 (Response). Prior to filing the Response, the Postal Service filed a motion requesting leave to respond to the initial comments filed in the proceeding. See Motion of the United States Postal Service for Leave to Respond to Comments, July 8, 2021 (Motion). The Motion is granted.

mailed at the single-piece postcard rate and mailers will not be required to pay the single-piece letter rate. Response at 2. Regarding the Public Representative's comments on overall presort volume, the Postal Service states that it was "suggesting commercial mailers will be able to realize more value from their expenditures on presorted postcards by opening opportunities to generate revenue, thereby eventually mitigating the cost of the mailing" to the commercial mailer. *Id.* The Postal Service argues that by increasing the size of the product, the cost proposition of mailings will change as mailers can add marketing messages that were previously only informational due to size constraints, leading to increased product sales. *Id.* Therefore, the Postal Service does not believe that this initiative will reduce overall presort volume. *Id.*

In response to the concern expressed by EMA and GCA that the Postal Service did not consult consumers and small commercial mailers, the Postal Service contends that it consulted approximately 800 organizations, with close to half being "micro" or "small" businesses with 1-49 employees. *Id.* In response to the concerns of EMA, GCA, and the Public Representative regarding the anticipated impact of the update on Postal Service revenue, the Postal Service states it is not possible to precisely model these changes, and the precise financial impact will vary based on the larger postcards' effect on USPS Marketing Mail and First-Class Mail letter sales, with a portion of USPS Marketing Mail customers "buying up" to the larger postcards, and a portion of First-Class Mail letter customers "buying down" to the larger postcards. *Id.* at 2-3. Finally, the Postal Service contends that this change will yield a positive impact on revenue. *Id.* at 3.

#### IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the comments filed. Section 3682 of Title 39 of the United States Code authorizes the Postal Service to establish size and weight limitations for mail matter in the Market Dominant category of mail consistent with Commission regulations. See 39 U.S.C. § 3682. Per Commission regulations, proposed updates in size and weight limitations for Market Dominant products require the Postal Service to “[d]escribe the likely impact that the proposed update will have on users of the product(s) and on competitors[,]” and demonstrate that the changes are “in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.” See 39 C.F.R. § 3040.211.

*Impact of the proposal.* The Postal Service asserts that volume, revenue, and competitive impacts of the proposal will be minimal. Notice at 2-3. The Postal Service explains that the proposal is a result of outreach to the mailing industry in an effort to increase the value of mail offerings. Furthermore, the Postal Service expects the proposed size increase to enhance the value of presorted postcards by facilitating their use for combined promotional and non-promotional content, with the larger size creating new opportunities for mailers to use new technologies, and thereby enhance the effectiveness of their mailings. *Id.* The Postal Service contends that this change would “only expand the options available to commercial mailers; it would not restrict current options in any manner....” *Id.* at 3. Based upon the proposal and the Postal Service’s responses to comments and CHIR No. 1, these assertions appear to be credible.

As detailed above, EMA and GCA raise a concern that consumers and small commercial mailers were not consulted in developing the proposal. See Joint Comments at 2, 4. The Postal Service addresses this by providing background that it considered a broad range of options in formulating this initiative, and in the process consulted with approximately 800 organizations, with close to half being “micro” or “small” businesses with 1-49 employees. Response at 2.

The Commission finds that the proposed change should have minimal material impact on users of presorted First-Class Mail postcards or Postal Service competitors.

*Applicable criteria of chapter 36 of Title 39.* The Postal Service asserts that the proposal conforms to the policies and criteria of chapter 36 of Title 39 of the United States Code. Notice at 4. In its justification of the assertion, the Postal Service states that with respect to 39 U.S.C. § 3622, it is “not seeking to assess a price cap effect from any First-Class Mail volume that may migrate into presorted postcards and thereby see a rate decrease” and that “no volume would see a rate increase because all existing presorted postcard volume will continue to be eligible.” *Id.*

The Commission notes that EMA and GCA, as well as the Public Representative, raise concerns regarding the anticipated impact of the maximum dimension change on the Postal Service’s financial stability. As the Public Representative points out, the Postal Service did not initially provide information detailing what type and volume of First-Class Mail might be created by the change, the volume that would shift from presorted First-Class Mail letters to presorted First-Class Mail postcards, or the overall impact that the change would have on the finances of the Postal Service. To ensure that the requested MCS change will not endanger compliance, the Commission asked the Postal Service to provide an analysis of the above. CHIR No. 1, questions 1-3. The Commission has reviewed the Postal Service’s responses and concludes that quantitatively projecting the overall impact is not possible, and under the Commission’s regulations outlined in 39 C.F.R. § 3040.211, there is not a requirement to show the financial impact of MCS changes.

The Commission concludes that the proposed change is in accordance with the policies and the applicable criteria of chapter 36 of Title 39 of the United States Code.

In conclusion, as set forth in this Order, the Postal Service may implement its proposed change to the size limitations for presorted First-Class Mail postcards as scheduled.

V. ORDERING PARAGRAPHS

*It is ordered:*

1. The proposed classification changes for presorted First-Class Mail postcards may take effect as scheduled.
2. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective August 29, 2021.

By the Commission.

Erica A. Barker  
Secretary



CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

**Part A—Market Dominant Products**  
**1000 Market Dominant Product List**

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**1110 Presorted Letters/Postcards**

1110.1 Size and Weight Limitations

*Letters*

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*Postcards*

	<b>Length</b>	<b>Height</b>	<b>Thickness</b>	<b>Weight</b>
Minimum	5 inches	3.5 inches	0.007 inch	none
Maximum	<del>6</del> <u>9</u> inches	<del>4.25</del> <u>6</u> inches	0.016 inch	not applicable

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